



# Division of Workers' Compensation

## Functional Overview

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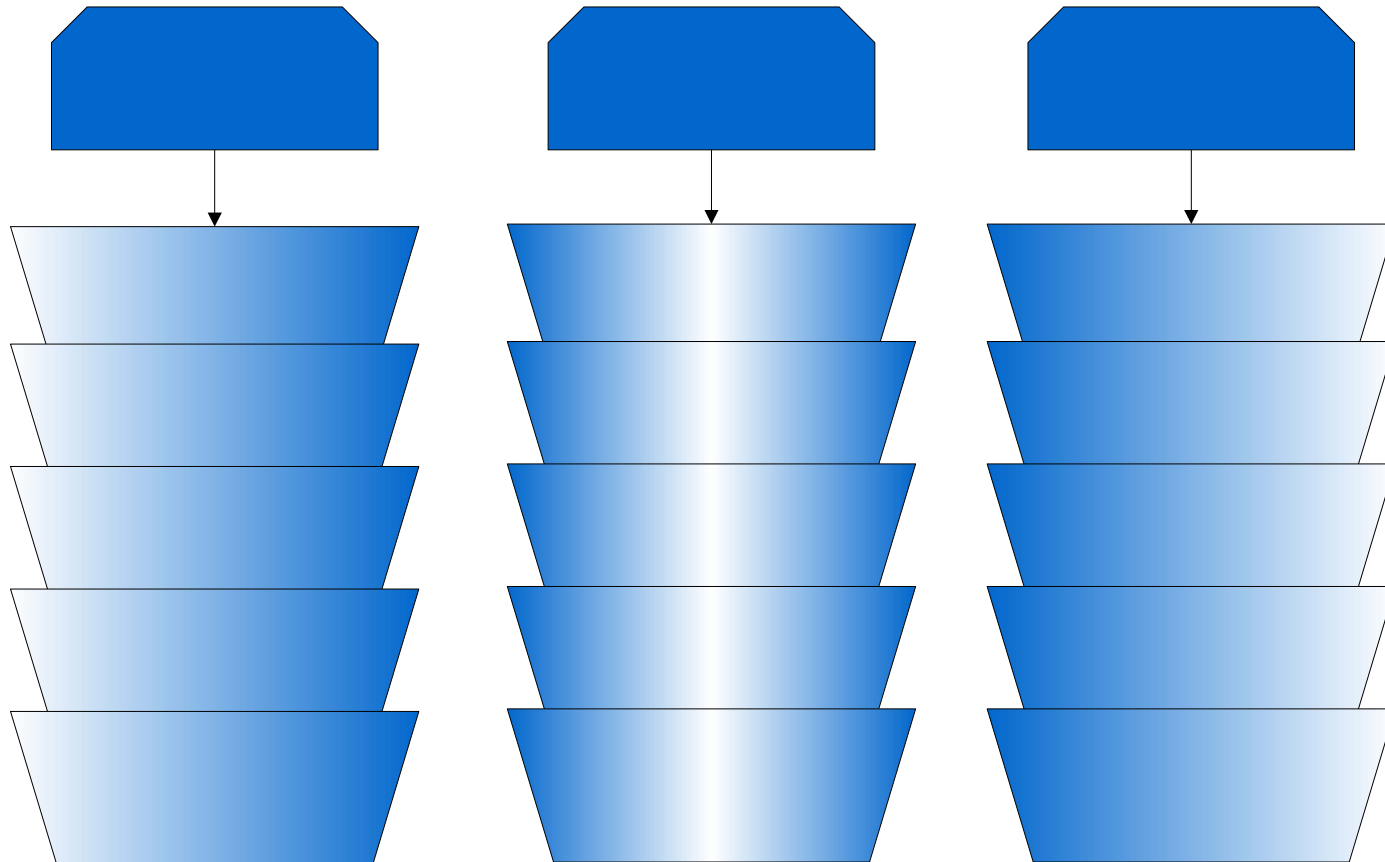
# What is Workers' Compensation?



- Workers' Compensation is a no-fault system that requires employers to maintain proper insurance coverage protecting their employees from a loss of earnings and medical expenses for any work-related injury or illness.



# Organizational Flow:



# WC Administration~ Data Collection & Claims Analysis

- Documentation submitted by insurers is reviewed for accuracy and appropriateness
- Information is entered on the system
- Letters are sent to the insurers for errors, omissions, procedural issues
  - Insurers contact Unit for assistance, guidance and training
- Paperwork is scanned into imaging system
- Annual Report Card is issued to insurers highlighting compliance/noncompliance with filings



# Education Unit

- Telephone Info Line
- On-site employer and employee consultations
  - Safety committee development
  - Medical office staff training
- Safety media lending library
- Guidance with the Workers' Compensation Act
- Outreach programs for high school students
- Wide-ranging seminars and public speaking engagements



# Self-Insurance Unit

- Employers must follow a set application process
- Once approved – they must post surety
- A Workers' Compensation excess policy must be in place with statutory limits
  - This policy pays claims over a certain dollar amount
- Must use an approved claim administrator to process claims
- Yearly renewal application and review



# WC Administrative Fund

- The Workers' Compensation Administrative Fund (WCAF) collects a mandated assessment on premiums within the workers' compensation system.
- This assessment provides appropriations for the:
  - Division of Workers' Compensation, including
    - Workers' Compensation administration at DLT
    - WC Fraud and Compliance Unit
    - Education Unit
    - Dr. John E. Donley Rehabilitation Center
  - Workers' Compensation Court
  - Medical Advisory Board
  - Workers' Compensation Advisory Council



## WCAF also provides reimbursement to eligible insurers for:

- Pre-1974 at maximum
  - Bi-weekly direct pay for bankruptcy
- Certain Cost-of-Living (COLA) claims
- Post-1974 true second injury claims
- Reversals of Pre-Trial Orders
- Bonus Incentive payments





# Workers' Compensation Fraud and Compliance



- The Fraud and Compliance Unit is tasked with detecting, preventing, and referring for criminal prosecution any suspected fraudulent activity related to workers' compensation and to ensuring that businesses maintain workers' compensation insurance.



# Compliance

- Compliance investigations determine
  - Whether an employer is subject to the WC Act
  - If so, whether the employer has WC insurance
- Investigations are initiated from a number of sources
  - Inquiries from medical providers, attorneys, injured workers and employers
  - Department cross matches between employee wage records and proof of coverage (POC) records
- Employers determined noncompliant are subject to Stop Work Orders and monetary penalties



# Proof of Coverage (POC)

- Insurers must report
  - New policies, cancellations, reinstatements and non-renewals
- Insurers report WC insurance coverage information to DLT electronically through NCCI
- Insurers that fail to report policy information to DLT are subject to a penalty of \$250 per offense



# Employee Waivers

- Under certain conditions, employees have the right to elect not to be covered by the Workers' Compensation Act
  - To do so, an employee must file a waiver form (DWC11) with DLT
  - By filing a waiver, an employee retains their right to file a civil suit against an employer in the event of an injury
- The waiver becomes effective when stamped by the Department
- A rescind form must be filed with the Department to revoke a waiver



# Independent Contractors

- To be considered an independent contractor (IC) for the purposes of WC:
  - The IC must file a Notice of Designation as Independent Contractor form (DWC 11-IC) with DLT
- Information, deemed public, is posted to the Department Web site
  - Important tool for insurers when conducting premium audits
- A rescind form should be filed when the IC status ends



# Fraud

- WC fraud can involve all parties: employees, employers and medical providers
- Fraud investigations include
  - A review of department records (wage records, POC, waivers and IC forms)
  - Witness interviews; field work
  - Coordination with insurers, law enforcement and other governmental agencies
- If an investigation determines fraudulent activity, an information package is compiled and referred to the Department of the Attorney General for prosecution



# Donley Rehabilitation Center



- The Dr. John E. Donley Rehabilitation Center is a non-profit outpatient facility within DLT that provides services exclusively for employees who come under the jurisdiction of the Rhode Island Workers' Compensation Act.



# Referrals

- Workers Compensation Court
  - By Pretrial Order
- Physician
  - By Donley referral form or prescription
- Self-Referral for Vocational Services only





# Case Management

- Throughout the rehabilitative process, the Case Management Teams:
  - Manage the service delivery to clients
  - Act as liaison with outside parties concerned about the progress of the patient, including
    - Attorney, employer, insurer, and the Workers' Compensation Court
  - Identify and settle conflicting agendas
  - Clarify complex objectives and unite all parties in a common restorative goal



# Physical Rehabilitation

- Comprehensive physical therapy intervention
  - A treatment plan is created based upon an evaluation and the functional demands of the patient's job
- Work Hardening
  - Through the use of work simulation activities, the physical demands of any particular job can be reproduced
- Aquatic Therapy
  - Provides the ability to move in a gravity-neutral or buoyant environment



# Vocational Rehabilitation

- The Rhode Island Workers' Compensation Act provides for vocational restorative and re-employment services for workers who were injured on the job.
- Services include:
  - Vocational evaluations
  - Aptitude and interest testing
  - GED test preparation
  - Assistance finding suitable employment
  - Help locating appropriate training opportunities



# Psychological Services

- Psychological Counseling is available, in either a private or group settings, if a client is having difficulty dealing with problems related to a work injury.
- These issues might include:
  - Financial hardship
  - Loss of independence
  - Pain management
  - Domestic challenges



# Division Functions in Summary

- Monitor procedures and payments made by insurance carriers to employees unable to work due to a work-related injury or illness
- Collect and disseminate statistical data
- Ensure that employers have required WC insurance, investigate fraud and enforce compliance with the regulatory provisions of the WC Act
- Conduct wide-ranging educational and procedural seminars
- Provide comprehensive rehabilitation services to workers who suffer a job-related injury
- Certify eligible companies as self-insured entities
- Collect an annual assessment that funds various WC systemic functions



# Accomplishments

- Expanded imaging system – Record Retrieval
- Insurers and Self-Insured Report Cards – Data Integrity
- Coverage compliance – Crossmatches and computer investigations



# Initiatives

- Computer system rewrite (June 2009)
  - Electronically-transmitted forms
  - Forms filed on the Web site
- NCCI Proof of Coverage Reporting (May 1, 2008)
  - Public access to coverage data on Web site
- Self-Insurance Rules Review Task Force (January, 2009)
- Staff reorganization (December, 2009)
  - Retirements and computer enhancements
- Web site review (September, 2008)

